

JH CONSULTING  INTERNATIONAL

ESG & Sustainable Finance Training Directory

Cutting edge, highly practical ESG and sustainable finance training programmes designed for practitioners by practitioners

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Why learning with JHCI makes a difference!

JH Consulting International is a multi-faceted training consultancy founded by two of the financial training industry's most experienced operators. With over five decades of experience working with stakeholders at all levels at some of the world's leading financial and corporate institutions from every continent, the firm creates significant value by creating customised training solutions unique to the needs of each client.

We operate across the spectrum of banking, finance and energy sectors including, Capital Markets, Risk Management, Corporate Finance, Project Finance, Trade Finance, Credit, Private Equity, Financial Crime, Operations, Fintech, Energy, Regulation and Compliance.

We deliver training in the major financial markets around the world with operations in London, Milan and North America.



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Our faculty is comprised of some of the leading subject matter experts in their field. You'll benefit from learning content 100% applicable to your needs.

Engaging Learning Experience

We create learning experiences that are engaging, focused and state of the art. We embrace and utilize a range of platforms and tools to make sure you have an outstanding experience.

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A one-size fits all approach to learning and training is a thing of the past. Our courses are all customized to the specific needs of each client, guaranteeing the results you need.

We Know What Works

With over five decades of experience in corporate learning and training, we have a depth of experience that other companies could only wish for. Our clients trust us to deliver.

INTRODUCTION TO ESG

BIG PICTURE VIEW OF ESG

- Overview of ESG explaining its current popularity, the historical development of ESG, and the key concepts, themes and terminology
- Background to responsible investing
- Historical development of ethical and socially responsible/ESG investment
- UN Principles for Responsible Investment
- Harnessing the forces behind generational change, identity issues and cultural change
- UK's FRC Stewardship code
- Response of central banks to sustainability
- Objectives of environmental, social and governance investing
- ESG can create both risks and opportunities for investors
- Opportunity cost issues – trade-offs between different investment performance goals
- Loss of reputation resulting from poor ESG profile
- Measuring the efficacy of ESG investing on fund performance

ENVIRONMENTAL ISSUES

- Climate change – forecasts for carbon emissions, Paris Accord
- Limited natural
- Pollution and waste
- Nuclear energy – what role does it have in carbon management?
- Sustainability – the transition from linear to cyclical modes of business

SOCIAL ISSUES

- Human rights – legal and political structures
- Diversity and discrimination
- Animal welfare
- Consumer protection

CORPORATE GOVERNANCE ISSUES

- Management structure and diversity – board composition, gender balance
- Employee relations and compensation – minimum wages, benefits
- Executive compensation – ratios of executive to other employees
- Financial integrity and transparency – taxation, compliance
- Corporate culture issues – codes of conduct, misconduct

RESPONDING TO INVESTOR ENGAGEMENT WITH ESG

- The rise of shareholder activism by investors
- Need for improved and transparent disclosures and communications around ESG engagement
- Why creating stakeholder value in contrast to optimizing shareholder value is challenging traditional models for corporate governance
- Increased investment by companies in internal systems to measure ESG performance
- Transformational change in the notion of fiduciary duty by corporate managers and portfolio managers
- Duty of care and conservation for all future generations
- Long-term credit risk assessment should integrate sustainability ratings

INTRODUCTION TO ESG continued

CASE STUDY

- Corporate accountability introduced under the UK's FCA Senior Management Regime

CORPORATE SOCIAL RESPONSIBILITY AND ENHANCED PERFORMANCE

- Changing views regarding the role of the corporation in society
- Acting as a good corporate citizen versus maximising shareholder returns
- Corporate social responsibility – EU Commission report
- Contrast different kinds of infrastructure investments – economic, social
- Focus on social infrastructure – public health, educational, waste management
- Access to investments via public/private partnerships
- Key features – stable dividends, less sensitive to business cycles, government assurances
- Comparative analysis between value agnosticism and value-driven asset allocation

IN DEPTH ANALYSIS

- Asset allocation benefits from investment selection based on ESG criteria
- Diversification of exposure and low correlation with traditional asset risk and returns

INTEGRATING ESG INVESTMENT ANALYTICS INTO PORTFOLIO CONSTRUCTION

- How ESG investment analysis can be integrated into a firm's investment processes and into the investor's decision-making processes.
- Contrast traditional investment analysis to ESG investment analysis
- How ESG can be part of a smart beta strategy
- Approaches to integrating ESG into a firm's investment processes
- ESG analysis and investment decision making
- ESG risks and opportunities and traditional views of equity valuation
- Consideration of role of ESG rating agencies to companies and clients
- Contrast negative and positive screening
- Impact of ESG on active and passive management
- Risks of ignoring governance and social issues in investment decisions

DISCOUNTING AND INTER-GENERATIONAL ISSUES

- What is the appropriate long-term discount rate?
- Impact of discounting on present value of public investments
- View that resources and assets do not 'belong' to any generation
- Duty of care and conservation for all future generations
- External costs – transfers of financial liabilities to public sector
- Trade off growth and resource depletion/environmental degradation
- Corporate governance – business ethics and best practice
- Dynastic/family businesses
- Public balance sheet issues – interest, entitlements, unfunded liabilities
- Asymmetry of private gain and public pain
- Multi-culturalism and approaches to migration

INTRODUCTION TO ESG continued

GREEN FINANCE - THE SWITCH TO CAPITAL ALLOCATION BASED ON SUSTAINABILITY

- Challenges for bank financing of circular and sustainable business models
- Re-thinking traditional business performance metrics and ratios
- Changing perceptions of pension funds and sovereign wealth funds as to where to allocate funds
- Bank of England's changing regulatory view on viability of green investments for insurers
- Green finance – government and central bank support for green bonds
- Impact of the Covid-19 pandemic on perceptions of corporate resilience
- External costs – antipathy toward transfers of financial liabilities to public sector

CONCLUDING DISCUSSION ON THE OUTLOOK FOR ESG

- Collation of key themes and areas for further research and analysis
- How much can we rely on innovative technologies in managing climate change?
- Does Modern Monetary Theory (MMT) undermine concerns about how much public balance sheet is able to finance the sustainability agenda?
- How much current focus on ESG is a public relations exercise?
- Nature of greenwashing – misrepresentation and motivations
- What is included in infrastructure investment – the Biden agenda?
- Is ESG more likely to be championed by progressives rather than conservatives?

CLIMATE FINANCE RISK ANALYSIS

WHY DO REGULATORS ASK FOR FINANCIAL CLIMATE RISK ASSESSMENT?

- What are the financial risks of climate change?
 - Relevance of physical and transition risks as per definition of the TCFD
 - How are climate risk metrics mapped to financial numbers?
 - Understanding the different time scales of financial climate risks
 - The relation of financial climate risks and financial stability
- Examples of divestment as reaction to climate risks
 - Allianz
 - BlackRock
 - European Investment Bank
- The role and possibilities of Internal Audit

EXERCISES:

- Estimate climate related GDP damage for different markets under different climate scenarios
 - Discuss possible impact on asset values
 - Discuss possible impact on financial market stability.

LEGAL BACKGROUND ON DISCLOSURE OF FINANCIAL CLIMATE RISKS

- France's article 173
- EU taxonomy and non-financial reporting guidelines

EXERCISE: Discuss your own experience with financial climate legislation and expectations for the future

THE TCFD FRAMEWORK AND RECOMMENDATIONS

- How is the TCFD set up and how is its relation to other frameworks
- EU taxonomy
- EU NFRS
- Science-based targets (SBT)
- Details about the requirements for implementing the TCFD framework
- TCFD recommendations for Financial Services
- Introduction to scenario analysis as key building block of risk assessment

EXERCISE: Map the TCFD framework to your portfolio and perform a qualitative estimation of risks and opportunities.

PRACTICAL EXAMPLES FROM THE INDUSTRY

- Itaú Unibanco: bank
- HSBC Pension: Typical pension fund
- AXA Asset management from a global insurer's perspective
- Landsec Climate risk analysis from a real estate viewpoint

EXERCISE: Explore selected sources from the TCFD knowledge hub.

CLIMATE RISK SOLUTION LANDSCAPE

- Overview of climate risk tool providers
- General strengths and weaknesses of today's solution landscape
- Detailed assessment of tools for particular asset classes

CLIMATE FINANCE RISK ANALYSIS continued

THE USE OF SCENARIOS

- Climate Economy models
- Interests and expectations from scenario-based disclosure
- Challenges to corporate transparency, comparability, completeness
- Enhancing the understanding and use of scenarios

EXERCISES: Use the provided scenario designer to understand how scenarios are constructed and get a feeling for what they mean. Use the provided toolset to perform a quantitative, scenario-based analysis of risks and opportunities in your portfolio.

CLIMATE RISK ANALYSIS APPROACHES FOR DIFFERENT ASSET CLASSES

- Equity
- Corporate bonds (conventional and/or Green Bonds)
- Institutional Real Estate
- Sovereign bonds
- Retail mortgages
- Corporate loans (SME sector)
- Project Finance
- Private Equity

PUTTING IT TOGETHER: BEST PRACTICES FOR AUDITING FINANCIAL CLIMATE RISK DISCLOSURES

- Understanding of the underlying methodology
- Key items to consider in auditing climate risk disclosures
- Sampling / screening of assets

BEST PRACTICES FOR IMPLEMENTING AUDITABLE FINANCIAL CLIMATE RISK PORTFOLIO ANALYSIS AND DISCLOSURE

- Phased approach
- Scoping of analysis
- Tool and scenario selection
- Execution of analysis
- Embedding climate risk assessment into regular risk management process

WAY FORWARD

- Internal knowledge build-up for climate risk and opportunity management
- Extension of disclosure requirement along the supply chains and towards SMEs
- Inclusion of biodiversity risk
- Extension to SDG investment
- Strategic opportunities of banks in Climate Finance

GREEN BONDS

BEST PRACTICE GUIDELINES AND ICMA'S GREEN BOND PRINCIPLES

- Green bond definition
- GBP: Green Bond Principles
- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting
- External review
- Types of green bonds
- Who supports the GBP?
- The governance framework for the GBP

CASE STUDY: CHINA - TRANSITION TO A LOW CARBON ECONOMY

- Largest country of issuance in the climate-aligned universe
- Leader in driving growth in the labelled green bond market
- China Green Bond Index

GREEN BONDS AND THE CLIMATE-ALIGNED BOND UNIVERSE

- Green bonds and climate bonds
- Issuers of green bonds and climate bonds
- Green definitions
- GBCC: Green Bond Certification Categories
- The benefits of green bonds
- Certified climate bonds
- The CBI green bond database
- Climate-aligned issuers
- The climate-aligned bond universe

CASE STUDY: GREEN BOND EUROPEAN INVESTOR SURVEY

- Investment preferences
- Preferred investment categories
- Investment decision making
- Moving the market forwards
- Emerging markets
- Green halos, private placements and SRI bonds

CLIMATE BONDS

- The climate bond market
- Types of climate bond
- The Climate Bonds Standard and the Climate Bond Standards Board
- Relative prices of climate bonds and other bonds
- CBI: the Climate Bonds Initiative
- Purpose of the Climate Bonds Initiative

CASE STUDY: THE US MUNICIPAL BOND MARKET - GREEN CITY BONDS

- Climate-aligned investment opportunities
- The top 3 climate-aligned bond issuers
- Use of proceeds
- Labelled green bonds

GREEN BONDS continued

ISSUING BODIES

- National governments
- Supranationals
- Green investment banks
- Municipalities
- PPP's

CASE STUDY: ISSUING A GREEN MUNI BOND

- Projects which qualify for green bond issuance
- External second opinions
- Three reasons to issue green muni bonds
- How to get certified

ICMA'S SOCIAL BOND PRINCIPLES

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting

ICMA'S SUSTAINABILITY- LINKED BOND PRINCIPLES

- Selection of key performance indicators (KPIs)
- Calibration of sustainability performance targets (SPTs)
- Bond characteristics
- Reporting
- Verification

TYPES OF BONDS

- Climate Bonds Initiative: three broad categories:
- Organisation-guaranteed bonds
- Asset-backed securities or secured bonds
- Dual recourse bonds
- Standard green use of proceeds bonds
- Green revenue bonds or ABS
- Green project bonds
- Green securitised bonds: ABS, covered bonds, MBS
- Covered bonds
- Loans
- Other debt instruments

CASE STUDY: APPLE INC, GREEN BOND, 0% NOVEMBER 2025, APPLE INC, GREEN BOND, 0.5% NOVEMBER 2031

PRICING GREEN BONDS

- Initial eligibility criteria
- Continuing eligibility criteria
- Trends in investor demand
- Mainstream institutional investors
- specialist ESG and responsible investors
- 'greenium': the green premium
- corporate treasury
- sovereign and municipal governments
- retail investors
- millennials
- generations x,y and z
- The Global Investor Coalition on Climate Change

GREEN BONDS continued

EXERCISE: GREEN BOND PROGRAMME INFORMATION TEMPLATE

EXERCISE: GREEN BOND PROGRAMME EXTERNAL REVIEW FORM

THE CURRENT STATE OF THE CLIMATE-ALIGNED BOND UNIVERSE

- Latest developments
- The role of institutional investors
- Labelled green bond issuance
- The green bond market sectors
- Future themes
- Geographic spread

CASE STUDY: TRANSPORT FOR LONDON - GBP 400,000,000 GREEN BOND 2.125% APRIL 2025

- Market timing
- Internal buy-in from the board and senior management
- Green credentials - following best practice with a second review
- Market demand
- Tracking of green bond proceeds
- Reporting on green bond use of proceeds and environmental impact
- TfL's success paves the way for other low-carbon transport green bonds
- Issuing a low-carbon transport related green bond

THE 10-POINT CASE

- Challenge
- The solution paths and barriers are largely understood
- Urgency, Catch 22 and developing countries
- Climate bonds can fund the transition to a low-carbon economy
- Volumes required
- There is more than enough private capital in the world to fund the necessary transition
- Institutional investors will invest in long-term climate bonds given adequate and secure returns
- Specific initiatives will depend on delivering secure, long-term returns at competitive levels of risk, rather than on values arguments
- Transition to a low carbon economy presents the largest commercial opportunity of our time
- Achieving the scale and speed of development needed will require an active enabling role on the part of governments, at all levels

CASE STUDY: LESSONS FROM JAPAN

- Bonds as instruments of intermediation
- Long term credit banking
- LTCBs and municipal bonds
- Strengths and weaknesses of the system

GREEN BONDS continued

SUMMARY: ENVIRONMENTAL THEME BONDS - A NEW FIXED INCOME

ASSET CLASS

- Shifting capital flows
- 21st century theme bonds
- Liquidity subject to contingent definitions
- Drivers for a sustainable debt capital market
- Re-weighting by institutional investors
- Large investors taking an interest in carbon risk
- Legislative and regulatory pressure
- Constraints on public spending
- Potential to become a significant fixed income asset class
- Issuance review
- World bank - green bonds
- European investment bank - climate awareness bond
- US government - clean renewable energy bonds
- How build america bonds worked
- Triodos bank - climate change bonds
- Potential for new issuance
- Looking to the future

REVIEW

- Glossary of terms: Green Investment Bank Commission
- Scaling up green bond issuance
- Green finance: green bond directions
- Climate Bonds Standard

SUSTAINABLE INVESTMENT

INTRODUCTION

- The Context - Sustainability's Valuation Equation
- Conscious' capitalism – UK 1800s religious groups, Quakers and Methodists and socially responsible investing (SRI) guidelines for their followers
- Cost Benefit Analysis 1970s
- The Sustainable Corporation 1994 UN study 'Who Cares Wins' 2004
- 2005 launch of the UN Principles for Responsible Investment (PRI) and SRI as the integration of environmental, social and governance (ESG) factors into investment processes and decision-making.

SUSTAINABLE INVESTING

THE CONTEXT - SUSTAINABILITY'S VALUATION EQUATION AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS

- Correlation between certain environmental, social and governance (ESG) factors and financial performance
- ESG issues being driven by transparency across the global supply chain
- ESG metrics have earned their way onto public-company disclosure filings that companies and retail investors taking CSR more seriously
- Non-financial metrics can serve as a lead indicator of future performance which often cannot be inferred from traditional accounting metrics
- Capital markets are scrutinising ESG as part of their credit analysis

KEY CHALLENGES

- Difference between sustainable and ESG investing
- Trends driving sustainable and ESG investing
- Standards, principles, law and regulation - meaning for corporates and investors
- Regulation", e.g. UK FRC new Stewardship code
 - The Code's approach ESG factors
 - Specific ESG reporting expectations

TRENDS CHANGING THE INVESTING LANDSCAPE:

- Investors are moving from purely exclusionary to integrated ESG strategies
- Investment strategies will be increasingly powered by multiple sources of ESG data
- Growing demand to understand ESG performance of the portfolio against desired objectives will drive the need for enhanced reporting
- Climate solutions will evolve to include adaptation alongside mitigation
- Mainstreaming of ESG will drive investments in talent and infrastructure

DRIVING FORCES

- ESG investing focusing on "material issues" is a business imperative for asset managers
- The role of pension funds
- The evolving view of fiduciary duty
- ESG information are investors looking for and how they use it

SUSTAINABLE INVESTMENT continued

ESG INTEGRATION INTO INVESTMENT PROCESSES AND FACTORS THAT WILL DRIVE CHANGE

- The size of investment firms
- Financial returns
- Materiality matters
- Growing demand
- An evolving view of fiduciary duty
- Trickle-down within investment firms
- More ESG activism by investors

ACTIONS FOR COMPANIES

- Articulate purpose - "Statement of Purpose."
- Improve engagement with shareholders
- Increase involvement by middle management in material ESG issues
- Invest in internal systems for ESG performance information

ESG SCREENING, DUE DILIGENCE AND COMPLIANCE

- Screening as an art and science
- Screening process
- Probability/impact analysis
- Objectives and benefits of early coverage of ESG
- ESG due diligence
- ESG compliance

GROUP WORK EXERCISE – developing ESG screening and due diligence procedures

REAL-LIFE CASES ON ESG PRACTICES

IMPACT INVESTING

PARTICIPANTS

- Publicly traded corporations
- Private equity/venture capital
- Sovereign wealth funds
- Government authorities
- Development finance institutions, e.g. development banks
- Not for profit organisations, charities etc.

WHY THEY DO IT

- Impact first investors
- Investment first investors
- Catalytic investors
- Other

HOW THEY DO IT

- Direct versus indirect
- Full service versus funding
- Passive versus active

INVESTMENT VEHICLES AND STRUCTURING ISSUES

- Closed versus open ended structures
- Influence of investment time horizon
- Exit considerations
- For profit investment structural considerations
- Social impact fund investment structural considerations
- Investor considerations
- Innovations in deal structures

FINANCIAL INSTRUMENTS

- Debt – types and rationale
- Grants
- Equity – types and rationale
- Mezzanine finance
- Definition
- Characteristics
- Structuring
- Application
- Developments and innovations

DEBT: GREEN BONDS

- How big is the global green-bond market?
- Who decides whether a bond is green?
- How green are they?
- Hopes for a global green bond standard
- Who buys green bonds?
- Does green investing mean compromising on returns?
- Green bonds versus sustainable bonds

SUSTAINABLE INVESTING AND DEVELOPING MARKETS

- Importance of understanding the financing lifecycle
- Why traditional debt and equity structures are unable or not ideally positioned to meet the capital needs of impact enterprises

INVESTOR CHALLENGES

- Higher perceived credit risk
- Lower potential returns
- Longer time horizons
- Harder and slower path to scale
- Fewer exit opportunities
- Higher transaction and other costs

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ENTREPRENEUR CHALLENGES

- Long-term commitment to enterprise
- Less emphasis on exits
- Complex operating environments
- Concerns about preserving the mission
- High costs of failures

ALTERNATIVE DEAL STRUCTURES

- Debt continuum: revenue-based loans
- Equity continuum: revenue-based equity investments
 - Redemptions
 - Mandatory dividends
- Alternative structures in grants
- Alternatives to the closed-end fund

SUSTAINABLE INVESTING: UNDERSTANDING A VALUE PROPOSITION

- Value creation and how to measure it in a for profit environment
- Modelling value creation and market signals analysis
- Value driver analysis
- Value creation in a sustainable investing environment
- Measuring value creation and key value drivers
- Implications of sustainable impact investing initiative
- The old paradigm – how to create shareholder value versus the new paradigm - how to create shareholder value from sustainable investing

Final thoughts on partnering with JH Consulting International



All our trainings are built around the specific needs of your business and the groups being trained – everything we do is customised for you at no extra charge!



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Let's make some amazing learning
happen

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